

Message Text

UNCLASSIFIED

PAGE 01 ISLAMA 06771 01 OF 02 161446Z

47

ACTION NEA-16

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 L-03 H-03 AGR-20 INT-08 PA-04 PRS-01 USIA-15

SWF-02 DRC-01 /189 W
----- 003077

R 160655Z JUL 74

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 5793

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

UNCLAS SECTION 1 OF 2 ISLAMABAD 6771

E.O. 11652: N/A

TAGS: ETRD, PK

SUBJ: PAKISTAN FURTHER LIBERALIZES IMPORT POLICY

SUMMARY. NEW IMPORT POLICY ANNOUNCED JULY 9 CONTINUES
LIBERALIZING TREND BEGUN TWO YEARS AGO. ITEMS ON THE
IMPORT FREE HAVE BEEN RAISED FROM 364 TO 382. MOST
OF THE 18 NEW ITEMS ARE EITHER INDUSTRIAL RAW MATERIALS
OR CAPITAL GOODS. LIBERALIZATION ACTION IS MOTIVATED
BY DUAL OBJECTIVE OF INCREASING PRODUCTION FOR DOMESTIC
MARKET AND ENABLING EXPORT INDUSTRIES TO BOOST EXPORTS.
CONGEN KARACHI REPORTS THAT NEW POLICY MAY LEAD TO SOME
INCREASE IN US EXPORTS BUT OVERALL EFFECT ON US TRADE
WILL NOT BE MAJOR. RESPONSE OF BUSINESS COMMUNITY TO
GOP MOVE HAS BEEN FAVORABLE. FULL TEXT OF GOP STATEMENT
AS CARRIED BY GOP CONTROLLED NEWS AGENCY IS BEING
TRANSMITTED BY SEPARATE AIRGRAM A-117. END SUMMARY.

1. EVERY YEAR IN JULY, GOP ANNOUNCES WHAT IT CALLS
ITS ANNUAL IMPORT POLICY. THIS ANNUAL STATEMENT ADDRESSES
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ISLAMA 06771 01 OF 02 161446Z

ITSELF LARGELY TO MODIFICATIONS IN THE LISTS OF IMPORTABLE

COMMODITIES. THE ANNOUNCEMENT THIS YEAR CONTINUES LIBERALIZING TREND BEGUN IN MAY, 1972. RIGHTEEN ITEMS WHOSE IMPORTATION FORMERLY COULD ONLY BE DONE UNDER THE TIED OR OTHER LISTS ARE NOW TRANSFERRED TO THE FREE LIST BRINGING THE TOTAL NUMBER ON THAT LIST TO 382. (LAST JULY THE NUMBER ADDED TO THE LIST WAS 29, TO WHICH ANOTHER 8 ITEMS WERE ADDED IN JANUARY 1974.) SIGNIFICANCE FOR US OF THIS TRANSFER OF 18 ITEMS TO FREE LIST IS THAT PREVIOUSLY MANY OF THESE ITEMS COULD ONLY BE IMPORTED FROM NON-US SOURCES.

2. ACCORDING TO GOP ANNOUNCEMENT THE NEW FREE LIST ITEMS INCLUDE THE FOLLOWING:

- 1) BROOMSTICKS.
- 2) ELECTRO-MEDICAL INSTRUMENTS, APPARATUS, ETC.
- 3) LABORATORY EARTHENWARE AND PORCELAINWARE.
- 4) MARINE ENGINES.
- 5) NYLON TWINE.
- 6) FIBERGLASS.
- 7) IRON AND STEEL PLATES AND SHEETS AND TIN PLATES AND SHEETS.
- 8) LUBRICANTS AND GREASES.
- 9) MANUFACTURES OF NON-FERROUS METALS (EXCLUDING ITEMS IMPORTABLE BY THE TCP).
- 10) MINING EQUIPMENT.
- 11) OPTICAL INSTRUMENTS AND ACCESSORIES EXCLUDING BINOCULARS AND PANAVIEWS.
- 12) SYNTHETIC RUBBER.
- 13) SCIENTIFIC INSTRUMENTS FOR LABORATORY USE.
- 14) SOME SPECIFIC ITEMS OF TOOL AND WORKSHOP EQUIPMENT, NOT AVAILABLE FROM TIED SOURCES.

3. THE NEW TIED LIST WILL NOW CONSIST OF ONLY 30 ITEMS, MOSTLY IN THE CATEGORY OF CONSUMERS GOODS. THE IMPORT OF THESE ITEMS WILL BE FINANCED WHENEVER POSSIBLE BY BARTER OR CREDIT ARRANGEMENTS.

4. IN ORDER TO ENCOURAGE THE DEVELOPMENT OF THE LOCAL HOTEL INDUSTRY AND TOURISM, THE NEW POLICY STATES THAT A GOP COMMITTEE IS BEING SET UP TO LOOK INTO THE SPECIAL UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ISLAMA 06771 01 OF 02 161446Z

IMPORT REQUIREMENTS OF HOTELS. THESE INCLUDE BUILDING MATERIALS, ELECTRICAL EQUIPMENT AND APPLIANCES, KITCHEN AND LAUNDRY EQUIPMENT, AND CONSUMMABLE STORES SUCH AS CHEMICALS AND FOODSTUFFS. THE COMMITTEE IS EXPECTED TO RECOMMEND AMOUNT OF IMPORT LICENSING TO BE ISSUED TO VARIOUS HOTELS FOR THESE ITEMS, MOST OF WHICH ARE NOW EITHER ON TIED LIST OR BANNED.

5. NO CHANGE HAS BEEN MADE IN THE LIST OF ITEMS IMPORTABLE EXCLUSIVELY BY PUBLIC SECTOR AGENCIES.

6. LASTLY, AMONG THE CHANGES ANNOUNCED WAS ONE EXEMPTING IMPORTS OF FERROUS AND NON-FERROUS METALS (IMPORTABLE ONLY THROUGH THE STATE-OWNED TRADE CORPORATION OF PAKISTAN) FROM APPLICATION OF THE PRICE EQUALIZATION SURCHARGE. THE SURCHARGE IS DESCRIBED AS HAVING OUTLIVED ITS UTILITY AND UNNECESSARILY RAISING THE PRICES OF THE IMPORTED METALS. THE TCP WILL NOW FIX THE PRICES OF THESE IMPORTS ON THE BASIS OF LANDED COST OF EACH CONSIGNMENT INCLUDING TCPS NORMAL COMMISSION. CONGEN KARACHI REPORTS THAT IMPORTERS AND INDUSTRIAL USERS OF THESE ITEMS HAVE VERY MUCH WELCOMED THIS EXEMPTION AND EXPECT DOMESTIC PRICES OF THESE ITEMS TO DROP.

7. COMMENT. CONGEN KARACHI BELIEVES THAT AMONG NEW FREE LIST ITEMS THE FOLLOWING OFFER THE MOST PROMISING OPPORTUNITIES FOR AMERICAN EXPORTS: ELECTRO-MEDICAL INSTRUMENTS, LABORATORY EARTHENWARE AND PORCELAINWARE, NYLON TWINE, FIBERGLASS, MINING EQUIPMENT, SYNTHETIC RUBBER, SCIENTIFIC INSTRUMENTS FOR LABORATORY USE, AND TOOL AND WORKSHOP EQUIPMENT. US COULD ALSO GET A RESPECTABLE SHARE OF HOTEL EQUIPMENT IMPORTS IF IMPORTS FOR THIS SECTOR ARE IN FACT LIBERALIZED AND US FIRMS ARE ALERT TO THE OPPORTUNITY PRESENTED HERE.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 ISLAMA 06771 02 OF 02 161427Z

47

ACTION NEA-16

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 L-03 H-03 AGR-20 INT-08 PA-04 PRS-01 USIA-15

SWF-02 DRC-01 /189 W

----- 002865

R 160655Z JUL 74

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 5794
INFO AMCONSUL KARACHI
AMCONSUL LAHORE

UNCLAS SECTION 2 OF 2 ISLAMABAD 6771

8. CONGEN KARACHI ESTIMATES THAT AS A RESULT OF THE NEW POLICY TOTAL IMPORTS INTO PAKISTAN THIS COMING FISCAL YEAR WILL PROBABLY INCREASE. ESTIMATES HOWEVER OF THE AMOUNT OF THE INCREASE ATTRIBUTABLE TO THE NEW POLICY ARE NOT AVAILABLE. DURING THE LAST FISCAL YEAR, THE VALUE OF IMPORTS OF THE 18 ITEMS WAS RELATIVELY SMALL.

9. EMBASSY SHARES THE VIEW OF THE BUSINESS COMMUNITY THAT THE NEW POLICY IS A MOVE IN RIGHT DIRECTION AND ANOTHER INDICATION THAT GOP IS TRYING TO ENCOURAGE PRIVATE SECTOR AND MORE INVESTMENT. THE KARACHI BUSINESS COMMUNITY PARTICULARLY SEES THE NEW POLICY AS FAVORABLE TO PAKISTAN'S FURTHER ECONOMIC GROWTH. ACCORDING TO FEDERATION OF PAKISTAN CHAMBERS OF COMMERCE AND INDUSTRY, THE NEW POLICY IMPLEMENTS SOME OF ITS MAJOR RECOMMENDATIONS TO THE GOP.

10. FOR MORE COMPLETE GOP EXPLANATION OF NEW POLICY, SEE ISLAMABAD AIRGRAM A-117.

BYROADE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ISLAMA 06771 02 OF 02 161427Z

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, EXPORTS, IMPORT CONTROLS, ECONOMIC PROGRAMS, CAPITAL GOODS, PRODUCTION TRENDS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ISLAMA06771
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740190-0445
From: ISLAMABAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740746/aaaabncb.tel
Line Count: 201
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: smithrj
Review Comment: n/a
Review Content Flags:
Review Date: 04 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 OCT 2002 by ThomasVJ>; APPROVED <16 JAN 2003 by smithrj>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PAKISTAN FURTHER LIBERALIZES IMPORT POLICY SUMMARY. NEW IMPORT POLICY ANNOUNCED JULY 9 CONTINUES
TAGS: ETRD, PK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005